## Message Text

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P 102232Z FEB 75 FM SECSTATE WASHDC TO AMEMBASSY LAGOS PRIORITY

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E.O. 11652: N/A TAGS: BEXP, NI

SUBJECT: MAJOR PROJECTS: RAILROAD DEVELOPMENT/STEEL MILL

REF: A.) STATE'S 23165, B.) LAGOS 924

- 1. FURTHER TO REFTEL A, MCCABE HAS RECEIVED TUNDE-JOHNSON LETTER REITERATING CONDITIONS EMBASSY REPORTED FOR AWARD CONSULTANCY AND ROLLING STOCK CONTRACTS. HIS LETTER INDICATES RETAINER MUST BE FORTHCOMING BEFORE SPECIFICATIONS AND DRAWINGS OF COAL HOPPER CARS CAN BE OBTAINED. MCCABE INTENDS RESPOND TO JOHNSON, INFORMING HIM THAT PULLMAN CANNOT CONSIDER TRYING OBTAIN CONTRACT FOR HOPPERS UNTIL IT HAS INSPECTED SPECIFICATIONS.
- 2. FOR EMBASSY'S BACKGROUND, RAILCAR MANUFACTURERS MUST HAVE COMPLETE DETAILS ON CARS BEFORE THEY CAN DETERMINE WHETHER TO PURSUE BUSINESS. DESIGN ENGINEERING FOR RAILCARS NOT IN PRODUCTION IS COSTLY PROCESS BY ITSELF. RETOOLING OF ASSEMBLY LINES TO ACCOMODATE SPECIAL TYPES OF CARS (SUCH AS NARROW-GUAGE EQUIPMENT REQUIRED BY LIMITED OFFICIAL USE

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NIGERIANS) IS EVEN MORE EXPENSIVE. MANUFACTURERS HAVE NO

WAY OF DEVELOPING COST ESTIMATES WHICH ARE ESSENTIAL FACTOR IN DECIDING WHETHER TO MAKE PROPOSAL UNTIL THEY HAVE REVIEWED SPECIFICATIONS FOR EACH TYPE OF CAR. REFTEL B, EXPLAINING AWOSIKA RELUCTANCE PART WITH DRAWINGS OF BOXCARS, FLATCARS, AND LIVESTOCK CARS, AND HIS DESIRE

CLARIFY SPECIFICATIONS PERSONALLY WAS UNDERSTOOD BY ACF. HOWEVER, THIS IS ONE REASON COMPANY HAS DECIDED NOT TO PURSUE CONTRACTS FOR THE CARS IN QUESTION. EXPENSE OF SENDING REPRESENTATIVE TO NIGERIA FOR DISCUSSIONS WITH AWOSIKA, COUPLED WITH DETERMINATION THAT MANUFACTURING SMALL LOTS OF SEVERAL TYPES OF ANTIQUE RAILCARS PROBABLY WOULD NOT BE ECONOMICALLY FEASIBLE WAS FACTOR IN COMPANY'S DECISION. PULLMAN FACES SAME DESIGN AND COST DIFFICULTIES REGARDING THE FREIGHT AND LIVESTOCK CARS AND, CONSEQUENTLY, IS MORE INTERESTED IN THE COAL HOPPERS. NEVERTHELESS, SINCE IT SEEKING OTHER TYPES OF CONTRACTS WITH NRC PULLMAN IS EXPLORING POSSIBILITY OF DEVELOPING CAPACITY TO SUPPLY THESE CARS AS WELL AS HOPPERS.

3. PULLMAN/SWINDELL ALSO INTERESTED IN CONSULTANCY CONTRACT FOR NSDA INTEGRATED STEEL MILL PROJECT. WE UNDERSTAND NSDA SEEKING INDEPENDENT CONSULTANT TO ASSIST FMG IN ITS DEALINGS WITH SOVIETS AND IS PRESENTLY PLANNING RETAIN EUROPEAN FIRM. WOULD APPRECIATE LEARNING WHETHER CONSULTANT HAS BEEN CHOSEN AND, IF SO, IDENTIFICATION OF COMPANY. IF CONTRACT STILL OPEN, SWINDELL (WHICH HAS EXTENSIVE EXPERIENCE WITH USSR KAMA RIVER TRUCK PROJECT) WOULD APPRECIATE EMBASSY'S SUGGESTION OF BEST WAY OPEN DISCUSSIONS WITH NSDA. INGERSOLL

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